

Ref : Acc/157/2017

الرقم : م/157/2017

Date : 17/05/2017

التاريخ : 2017/05/17

Amman Stock Exchange

السادة بورصة عمان المحترمين

Subject: Quarterly Report as of 31/03/2017

الموضوع : التقرير ربع السنوي كما في 2017/03/31

Attached the Quarterly Report of Jerusalem  
Insurance Company as of 31/03/2017 in  
English language

مرفق طيه نسخة من البيانات المالية ربع السنوية لشركة  
القدس للتأمين المساهمة المحدودة كما في 2017/03/31  
باللغة الانجليزية

Best regards ,

وتفضلوا بقبول فائق الاحترام...

Jerusalem Insurance Company

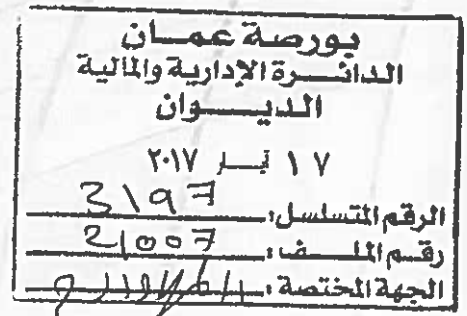
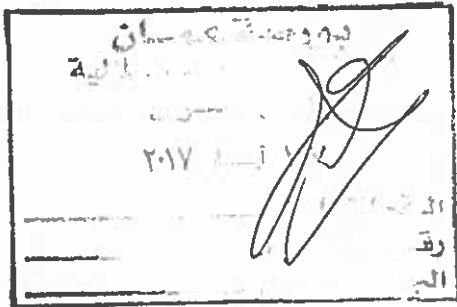
شركة القدس للتأمين المساهمة المحدودة

General Manager

المدير العام

Imad Morrar

عماد مرار



**Jerusalem Insurance Company**  
**Public Shareholding Company**

**Condensed Interim Financial Statements (Not Audited)**  
**31 March 2017**

**Arab Professionals**  
**(Member firm within of Grant Thornton International Ltd)**

**Jerusalem Insurance Company  
Public Shareholding Company**

---

**Contents**

	<b><u>Page</u></b>
- Report on review of the condensed interim financial statements	2
- Interim statement of financial position	3
- Interim statement of profit or loss	4
- Interim statement of comprehensive income	5
- Interim statement of changes in equity	6
- Interim statement of cash flows	7
- Interim statement of underwriting accounts for the life insurance	8 - 10
- Interim statement of underwriting accounts for the general insurance	11 - 13
- Notes to the condensed interim financial statements	14 - 21

**Report on Review of the condensed Interim Financial Statements**

**To The Board of Directors  
Jerusalem Insurance Company PLC  
Public Shareholding Company  
Amman - Jordan**

**Introduction**

We have reviewed the accompanying condensed interim financial statements of Jerusalem Insurance Company PLC, comprising the interim statement of financial position as at 31 March 2017 and the related interim statement of profit or loss, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the three months period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with International Financial Reporting Standard (IAS 34) Interim Financial Reporting. Our responsibility is to express a conclusion on this interim financial statement based on our review.

**Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standard (IAS 34) Interim Financial Reporting.

26 April 2017  
Amman - Jordan

  
**Ibrahim Hammoudeh**  
(License No. 606)  
**Arab Professionals**  
 **Arab Professionals**  
**Grant Thornton**

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of financial position as at 31 March 2017**

(In Jordanian Dinar)

	31 March 2017	31 December 2016
<b>Assets</b>		
Bank deposits	23,503,440	23,706,737
Financial assets measured at fair value through profit or loss	1,058,651	971,108
Financial assets at amortized cost	1,042,320	1,042,320
Investment in subsidiary company	120,372	120,372
Investment property	954,556	954,556
Loans for life insurance policies holders and others	100,642	99,941
<b>Total Investments</b>	<u>26,779,981</u>	<u>26,895,034</u>
Cash on hand and at banks	202,060	152,457
Checks under collection	925,466	704,554
Accounts receivable - net	4,719,052	3,812,826
Reinsurers receivables	735,756	593,553
Deferred tax	967,546	978,801
Property and equipment	1,162,768	1,132,812
Other assets	515,066	378,826
<b>Total Assets</b>	<u>36,007,695</u>	<u>34,648,863</u>
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
Unearned premium reserve - net	7,344,116	6,695,575
Outstanding claims reserve - net	10,687,794	10,456,857
Actuarial reserve - net	350,000	350,000
<b>Total Technical Reserves</b>	<u>18,381,910</u>	<u>17,502,432</u>
Accounts payable	1,645,800	1,283,082
Accrued expenses	10,763	18,864
Reinsurers payables	1,641,039	1,726,271
Other provisions	189,674	236,568
Income tax provision	148,430	82,446
Other liabilities	304,882	378,463
<b>Total Liabilities</b>	<u>22,322,498</u>	<u>21,228,126</u>
<b>Equity</b>		
Paid - in capital	8,000,000	8,000,000
Statutory reserve	2,089,651	2,089,651
Voluntary reserve	1,668,538	1,668,538
Retained earnings	1,927,008	1,662,548
<b>Total Equity</b>	<u>13,685,197</u>	<u>13,420,737</u>
<b>Total Liabilities and Equity</b>	<u>36,007,695</u>	<u>34,648,863</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company  
Public Shareholding Company**

**Interim statement of profit or loss for the three months ended at 31 March 2017**

**(In Jordanian Dinar)**

	31 March 2017	31 March 2016
<b>Revenues</b>		
Gross written premiums	4,793,738	4,062,098
Less: reinsurers' share	677,330	797,767
Net written premiums	4,116,408	3,264,331
Net change in unearned premiums reserve	( 648,541)	158,353
Net earned premiums	3,467,867	3,422,684
Commissions received	207,477	178,467
Insurance policies issuance fees	133,629	120,177
Interest income	266,043	266,643
Gain from financial assets and investments, net	81,649	26,220
Other revenues	11,262	20,175
<b>Total Revenues</b>	<b>4,167,927</b>	<b>4,034,366</b>
<b>Claims, losses and expenses</b>		
Paid claims	3,179,974	3,842,345
Less : recoveries	280,244	267,027
Less : reinsurers' share	450,768	556,064
Net paid claims	2,448,962	3,019,254
Net change in claims reserves	230,937	113,690
Allocated employees' expenses	245,905	245,225
Allocated administrative expenses	52,643	59,275
Excess of loss premiums	420,779	366,395
Policies acquisition costs	258,041	165,001
Other expenses	16,395	-
<b>Net Claims</b>	<b>3,673,662</b>	<b>3,968,840</b>
Unallocated employees expenses	69,585	65,122
Depreciation	36,455	16,000
Unallocated administrative expenses	43,978	19,980
Provision for doubtful debts	-	20,000
Other expenses	-	12,710
<b>Total Expenses</b>	<b>150,018</b>	<b>133,812</b>
<b>Profit for the period before income tax</b>	<b>344,247</b>	<b>( 68,286)</b>
Income tax	( 79,787)	-
<b>Profit for the period</b>	<b>264,460</b>	<b>( 68,286)</b>
 <b>Basic and diluted earnings (losses) per share</b>	 <b>0.033</b>	 <b>( 0.009)</b>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of comprehensive income for the three months ended at 31 March 2017**

(In Jordanian Dinar)

	<u>31 March 2017</u>	<u>31 March 2016</u>
Profit (loss) for the period	<u>264,460</u>	<u>( 68,286)</u>
<b>Total comprehensive income (loss) for the period</b>	<b><u>264,460</u></b>	<b><u>( 68,286)</u></b>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of changes in equity for the three months ended at 31 March 2017**  
**(In Jordanian Dinar)**

	Paid - In Capital	Reserves	Retained *	Total Equity
		Statutory	Voluntary	Earnings
Balance at 1 January 2017	8,000,000	2,089,651	1,668,538	13,420,737
Total comprehensive income for the period	-	-	-	264,460
Balance at 31 March 2017	8,000,000	2,089,651	1,668,538	13,685,197
Balance at 1 January 2016	8,000,000	2,089,651	1,668,538	13,762,126
Total comprehensive loss for the period	-	-	-	( 68,286)
Balance at 31 March 2016	8,000,000	2,089,651	1,668,538	13,693,840

\* The retained earnings as at 31 March 2017 include an amount of JOD (967,546) restricted against deferred tax assets and includes unrealized securities valuation profits amounting to JOD (51,740) as at 31 March 2017.

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of cash flows for the three months ended at 31 March 2017**  
**(In Jordanian Dinar)**

	31 March 2017	31 March 2016
<b>Operating activities</b>		
Profit (loss) before income tax	344,247	( 68,286)
Depreciation	36,455	16,000
Loss from sale of properties	-	12,710
Net change in unearned premium reserves	648,541	( 158,353)
Net change in claims reserves	230,937	113,690
Provision for doubtful debts	-	20,000
Provision for end of service indemnity	73,856	15,000
Change in fair value	( 51,740)	( 26,220)
<b>Changes In working capital</b>		
Checks under collection	( 220,912)	( 19,213)
Accounts receivable	( 906,226)	( 24,914)
Reinsurers receivables	( 142,203)	11,321
Other assets	( 136,240)	( 75,272)
Accounts payable	362,718	( 184,305)
Reinsurers payables	( 85,232)	188,201
Accrued expenses	( 8,101)	( 10,200)
Other provisions	( 120,750)	-
Other liabilities	( 73,581)	73,481
Paid income tax	( 2,548)	( 76,303)
<b>Net cash flows used in operating activities</b>	<u>( 50,779)</u>	<u>( 192,663)</u>
<b>Investing activities</b>		
Bank deposits	6,895,884	594,321
Financial assets measured at fair value through profit or loss	( 35,803)	( 727,304)
Loans for life insurance policies holders and others	( 701)	5,515
Property and equipment	( 66,411)	( 31,357)
<b>Net cash flows from (used in) investing activities</b>	<u>6,792,969</u>	<u>( 158,825)</u>
<b>Net change in cash and cash equivalents</b>	6,742,190	( 351,488)
Cash and cash equivalents, beginning of year	410,227	736,832
<b>Cash and cash equivalents, end of period</b>	<u>7,152,417</u>	<u>385,344</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of underwriting revenues for the life insurance for the three months ended**  
**at 31 March 2017**  
**(In Jordanian Dinar)**

	31 March 2017	31 March 2016
<b>Written premiums</b>		
Direct insurance	52,622	38,841
Reinsurance inward business	548	660
<b>Total premiums</b>	<u>53,170</u>	<u>39,501</u>
<b>Less:</b>		
Local reinsurance share	<u>29,243</u>	<u>25,222</u>
<b>Net premiums</b>	<u>23,927</u>	<u>14,279</u>
<b>Add:</b>		
Balance at beginning of the period		
Unearned premiums reserve	16,140	14,259
Less : reinsurers' share	<u>11,174</u>	<u>9,654</u>
<b>Net unearned premiums reserve at beginning of the period</b>	<u>4,966</u>	<u>4,605</u>
<b>Actuarial reserves, at beginning of the period</b>	<u>350,000</u>	<u>400,000</u>
<b>Less:</b>		
Balance at ending of the period		
Unearned premiums reserve	48,641	38,771
Less: reinsurers' share	<u>38,106</u>	<u>30,581</u>
<b>Net unearned premiums reserve at the end of the period</b>	<u>10,535</u>	<u>8,190</u>
<b>Actuarial reserves, at end of the period</b>	<u>350,000</u>	<u>400,000</u>
<b>Net earned revenues from written premiums</b>	<u>18,358</u>	<u>10,694</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of cost of claims cost for the life insurance for the three months ended**  
**at 31 March 2017**  
**(In Jordanian Dinar)**

	31 March 2017	31 March 2016
Paid claims	-	2,100
Liquidation of policies	-	-
Less:		
Local reinsurers' share	-	-
<b>Net paid claims</b>	<b>-</b>	<b>2,100</b>
<b>Add:</b>		
<b>Outstanding claims reserve at end of the period</b>		
Reported claims	309,296	312,544
Incurred but not reported claims	10,000	10,000
Less : reinsurers' share	90,641	90,641
<b>Net outstanding claims reserve at end of the period</b>	<b>228,655</b>	<b>231,903</b>
<b>Less</b>		
<b>Outstanding claims reserve at beginning of the period</b>		
Reported	309,258	313,125
Incurred but not reported claims	10,000	10,000
Less : reinsurers' share	90,641	90,641
<b>Net outstanding claims reserve at beginning of the period</b>	<b>228,617</b>	<b>232,484</b>
<b>Net claims cost</b>	<b>38</b>	<b>1,519</b>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of underwriting profits for the life insurance for the three months ended**  
**at 31 March 2017**  
**(In Jordanian Dinar)**

	<u>31 March 2017</u>	<u>31 March 2016</u>
Net earned revenues from written premiums	18,358	10,694
<b>Less:</b>		
Net claims cost	38	1,519
<b>Add:</b>		
Commissions received	-	82
Insurance policies issuance fees	1,012	2,337
<b>Total revenues</b>	<u>19,332</u>	<u>11,594</u>
<b>Less:</b>		
Policies acquisition costs	29	-
Allocated administrative expenses	18,139	6,537
<b>Total expenses</b>	<u>18,168</u>	<u>6,537</u>
<b>Underwriting profit</b>	<u>1,164</u>	<u>5,057</u>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of underwriting revenues for the general insurance for the three months ended at 31 March 2017**  
**(In Jordanian Dinar)**

	Motors		Marine		Fire and other property damage		Liability		Medical		Others		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Written Premiums:</b>														
Direct insurance	2,639,521	2,739,423	255,423	371,327	420,921	354,466	36,366	42,190	1,246,673	390,366	7,929	31,351	4,606,833	3,929,123
Facultative inward reinsurance	81,197	26,719	-	-	52,138	66,755	400	-	-	-	-	-	133,735	93,474
<b>Total Premiums</b>	<b>2,720,718</b>	<b>2,766,142</b>	<b>255,423</b>	<b>371,327</b>	<b>473,059</b>	<b>421,221</b>	<b>36,766</b>	<b>42,190</b>	<b>1,246,673</b>	<b>390,366</b>	<b>7,929</b>	<b>31,351</b>	<b>4,740,568</b>	<b>4,022,597</b>
<b>Less:</b>														
Local reinsurance share	( 318)	49,948	-	469	54,466	43,183	-	13,282	-	-	-	-	54,148	106,882
Foreign reinsurance share	-	-	190,360	295,347	391,024	359,355	9,362	-	-	-	3,193	10,961	593,939	665,663
<b>Net written premiums</b>	<b>2,721,036</b>	<b>2,716,194</b>	<b>65,063</b>	<b>75,511</b>	<b>27,569</b>	<b>18,683</b>	<b>27,404</b>	<b>28,908</b>	<b>1,246,673</b>	<b>390,366</b>	<b>4,736</b>	<b>20,390</b>	<b>4,092,481</b>	<b>3,250,052</b>
<b>Add:</b>														
Balance at beginning of the period														
Unearned premiums reserve	6,363,152	5,882,218	259,600	266,925	674,470	509,320	70,062	15,919	220,228	125,647	16,276	1,446	7,603,788	6,801,475
Less: reinsurers' share	-	-	198,396	200,418	646,133	481,258	56,257	6,847	-	-	12,393	1,272	913,179	689,795
<b>Net unearned premiums reserve at the beginning of the period</b>	<b>6,363,152</b>	<b>5,882,218</b>	<b>61,204</b>	<b>66,507</b>	<b>28,337</b>	<b>28,062</b>	<b>13,805</b>	<b>9,072</b>	<b>220,228</b>	<b>125,647</b>	<b>3,883</b>	<b>174</b>	<b>6,690,609</b>	<b>6,111,680</b>
<b>Less:</b>														
Balance at end of the period														
Unearned premiums reserve	6,091,899	5,683,770	255,423	371,327	796,282	637,089	69,901	43,900	1,103,133	124,994	16,458	17,473	8,333,096	6,878,553
Less: reinsurers' share	-	-	190,360	295,816	756,343	604,924	39,814	14,585	-	-	12,998	13,486	999,515	928,811
<b>Net unearned premiums reserve at end of the period</b>	<b>6,091,899</b>	<b>5,683,770</b>	<b>65,063</b>	<b>75,511</b>	<b>39,939</b>	<b>32,165</b>	<b>30,087</b>	<b>29,315</b>	<b>1,103,133</b>	<b>124,994</b>	<b>3,460</b>	<b>3,987</b>	<b>7,333,581</b>	<b>5,949,742</b>
<b>Net earned revenues from written premiums</b>	<b>2,992,289</b>	<b>2,914,642</b>	<b>61,204</b>	<b>66,507</b>	<b>15,967</b>	<b>14,580</b>	<b>11,122</b>	<b>8,665</b>	<b>363,768</b>	<b>391,019</b>	<b>5,159</b>	<b>16,577</b>	<b>3,449,509</b>	<b>3,411,990</b>

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of claims cost for the general insurance for the three months ended at 31 March 2017**  
**(In Jordanian Dinar)**

	Motors		Marine		Fire and other property damage		Liability		Medical		Others		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Paid claims</b>	2,459,705	2,955,576	10,225	32,536	392,708	475,776	-	51,420	316,647	321,508	689	3,429	3,179,974	3,840,245
Less:														
Recoveries	270,680	240,967	150	25,293	9,318	767	-	-	96	-	-	-	280,244	267,027
Local reinsurance share	75,292	10,867	-	-	-	163,350	-	-	-	-	-	-	75,292	174,217
Foreign reinsurance share	57,630	64,584	7,778	7,059	309,551	307,632	-	-	-	-	517	2,572	375,476	381,847
<b>Net Paid Claims</b>	2,056,103	2,639,158	2,297	184	73,839	4,027	-	51,420	316,551	321,508	172	857	2,448,962	3,017,154
<b>Add:</b>														
Outstanding claims reserve at end of the period														
Reported claims	8,122,508	6,808,947	149,129	161,041	684,396	1,904,908	13,515	37,811	98,438	370,274	29,776	29,775	9,897,762	9,312,756
Incurred but not reported claims	2,550,000	2,200,000	75,000	75,000	45,000	45,000	-	-	100,000	100,000	-	-	2,770,000	2,420,000
less: reinsurers' share	611,396	399,298	124,145	142,987	657,282	1,800,346	-	-	-	-	15,800	15,800	1,408,623	2,358,431
<b>Net outstanding claims reserve at end of the period</b>	10,061,112	8,609,649	99,984	93,054	72,114	149,562	13,515	37,811	198,438	470,274	13,976	13,975	10,459,139	9,374,325
Reported claims	7,511,112	6,409,649	24,984	18,054	27,114	104,562	13,515	37,811	98,438	370,274	13,976	13,975	7,689,139	6,954,325
Incurred but not reported claims	2,550,000	2,200,000	75,000	75,000	45,000	45,000	-	-	100,000	100,000	-	-	2,770,000	2,420,000
Less:														
Outstanding claims reserve at beginning of the period														
Reported claims	7,742,281	6,858,313	108,943	133,268	1,022,190	1,453,704	15,565	60,265	255,143	358,223	29,776	29,776	9,173,898	8,893,549
Incurred but not reported claims	2,550,000	2,200,000	75,000	75,000	45,000	45,000	-	-	100,000	100,000	-	-	2,770,000	2,420,000
Less: reinsurers' share	676,736	542,741	93,842	118,169	929,280	1,376,784	-	-	-	-	15,800	15,801	1,715,658	2,053,495
<b>Net outstanding claims reserve at beginning of the period</b>	9,615,545	8,515,572	90,101	90,099	137,910	121,920	15,565	60,265	355,143	458,223	13,976	13,975	10,228,240	9,260,054
<b>Net claims cost</b>	2,501,670	2,733,235	12,180	3,139	8,043	31,649	( 2,050)	28,966	159,846	333,559	172	857	2,679,861	3,131,425

“The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report”

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Interim statement of underwriting profit (loss) for the general Insurance for the three months ended at 31 March 2017**  
**(In Jordanian Dinar)**

	Motors		Marine		Fire and other property damage		Liability		Medical		Others		Total	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Net earned revenues from written premiums	2,992,289	2,914,642	61,204	66,507	15,967	14,580	11,122	8,665	363,768	391,019	5,159	16,577	3,449,509	3,411,990
Less:														
Net claims cost	2,501,670	2,733,235	12,180	3,139	8,043	31,669	( 2,050)	28,966	159,846	333,559	172	857	2,679,861	3,131,425
Add:														
Commissions received	( 86)	3,415	74,622	61,604	128,975	110,538	3,987	1,732	-	-	( 21)	1,096	207,477	178,385
Insurance policies issuance fees	63,688	77,961	5,659	6,470	9,030	7,635	826	940	53,013	23,421	401	1,413	132,617	117,840
Other revenues	9,682	9,036	476	9,793	-	-	-	-	907	1,346	197	-	11,262	20,175
Total revenue	73,284	90,412	80,757	77,867	138,005	118,173	4,813	2,672	53,920	24,767	577	2,509	351,356	316,400
Less:														
Policies acquisition costs	189,667	199,914	10,581	12,350	30,399	25,044	1,993	711	13,236	4,026	-	3,180	245,876	245,225
Excess of loss premiums	18,330	42,000	6,563	7,375	27,750	9,900	-	-	-	-	-	-	52,643	59,275
Allocated administrative expenses	392,685	355,538	52,028	50,532	64,189	43,250	3,484	5,720	147,485	64,631	810	5,188	660,681	524,859
Other expenses	-	-	-	-	-	-	-	-	16,395	-	-	-	16,395	-
Total expenses	600,682	597,452	69,172	70,257	122,338	78,194	5,477	6,431	177,116	68,657	810	8,368	975,595	829,359
Underwriting profit (loss)	( 36,779)	(325,633)	60,609	70,978	23,591	22,890	12,508	(24,060)	80,726	13,570	4,754	9,861	145,409	( 232,394)

"The accompanying notes from (1) to (5) are an integral part of these condensed interim financial statements and read with review report"

**Jerusalem Insurance Company**  
**Public Shareholding Company**  
**Notes to the condensed interim financial statements (Not Audited)**  
**31 March 2017**

(In Jordanian Dinar)

---

**1. General**

Jerusalem Insurance Company was established during 1975 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (93). The Company head office is in the Hashemite Kingdom of Jordan. The Company is engaged in insurance activity including accidents, fire, marine, transportation, motors, public liability and medical insurance.

The condensed interim financial statements have been approved for issue by the company's Board of Directors on 26 April 2017.

**2. Summary of Significant Accounting Policies**

**Basis of Preparation**

The condensed interim financial statements of the company have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2017.

The condensed interim financial statements have been prepared on a historical cost basis except for the financial assets, which have been measured at fair value.

The condensed interim financial statements are presented in Jordanian Dinar which is the functional currency of the company.

The accounting policies are consistent with those used in the previous period.

**Business Sector**

The business sector represents a set of assets and operations that jointly provide products and service subject to risks and returns different from those of other business sector which in measured based on the reports used by the top management of the Company.

The geographic sector relates to providing products and services in a defined economic environment subject to risks and returns different from those of other economic environments.

#### **Use of Estimates**

The preparation of the condensed interim financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues and expenses and the resultant provisions and in particular, considerable judgment by management is required in the estimation of the amount and timing of future cash flows. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

- An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.
- A provision of doubtful debt is estimated by the management based on their principles and assumptions according to International Financial Reporting Standards.
- The financial year is charged with its related income tax in accordance with regulations.
- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim statement of comprehensive income.
- The outstanding claim reserve and technical reserve are estimated based on technical studies and according to insurance commission regulation and filed actuarial studies.
- A provision on lawsuit against the Company is made based on the Company's lawyers' studies in which contingent risk is determined; review of such study is performed periodically.
- The management periodically reviews whether a financial asset or group of financial assets is impaired; if so this impairment is taken to the interim statement of profit or loss.

#### **Recognition of financial assets**

Financial assets and financial liabilities are recognized on the trading date which is the date that the entity commits itself to purchase or sell the financial assets.

#### **Fair value**

For fair value of investments, which are traded in organized financial markets, is determined by reference to the quoted market bid price at the close of the business on the interim statement of financial position date. For investments which are listed in inactive stock markets, traded in small quantities or have no current prices, the fair value is measured using the current value of cash flows or any other method adopted. If there is no reliable method for the measurement of these investments, then they are stated at cost less any impairment in their value.

#### **Financial Assets at Amortized Cost**

They are the financial assets which the Company's management intends according to its business model to hold for the purpose of collecting contractual cash flows which comprise the contractual cash flows that are solely payments of principal and interest on the outstanding principal.

Those financial assets are stated at cost upon purchase plus acquisition expenses. Moreover, the issue premium / discount are amortized using the effective interest rate method, and recorded to the interest account. Provisions associated with the decline in value of these investments leading to the inability to recover the investment or part therefore are deducted, and any impairment loss in its value is recorded in the interim statement of profit or loss.

The amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

It is not allowed to reclassify any financial assets from / to this category except for certain cases specified in the International Financial Reporting Standards (in the case of selling any of these assets before its maturity date, the result should be recorded in a separate line item in the statement of profit or loss, disclosures should be made in accordance to the requirements of International Financial Reporting Standards).

#### **Financial Assets at Fair Value through Statement of Profit or Loss**

It is the financial assets held by the company for the purpose of trading in the near future and achieving gains from the fluctuations in market prices in the short term or trading margins.

Financial assets at fair value through profit or loss are initially stated at fair value at acquisition date (purchase costs are recorded at the interim statement of profit or loss upon acquisition) and subsequently measured at fair value. Moreover, changes in fair value are recorded in the interim statement of profit or loss including the change in fair value resulting from translation of non-monetary assets stated at foreign currency. Gains or losses resulting from the sale of these financial assets are taken to the statement of profit or loss.

Dividends and interests from these financial assets are recorded in the interim statement of profit or loss.

#### **Impairments in Financial Assets Value**

An assessment is made at each interim statement of financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, the recoverable value is estimated in order to determine impairment loss.

#### **Investment Properties**

Property held to earn rentals or for capital appreciation purposes as well as those held for undetermined future use are classified as investment property. Investment property is measured at cost less any accumulated depreciation and any accumulated impairment losses. The cost of constructed property includes the cost of material and any other costs directly attributed to bringing the property to a working condition for its intended use. Borrowing costs that are directly attributed to acquisition and construction of a property are included in the cost of that property.

Depreciation is charged on a straight-line basis at annual rate of (2%). The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from these assets.

#### **Cash and Cash Equivalents**

Cash and cash equivalents are carried in the financial statement at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short - term highly liquid investments.

#### **Reinsurers Accounts**

Reinsurers shares of insurance premiums, paid claims, technical provisions, and all other rights and obligations resulting are calculated based on signed contracts between the Company and reinsures are accounted for based on accrual basis.

#### **Impairment in Reinsurance Assets**

In case there is any indication as to the impairment of the reinsurance assets of the Company, which possesses the reinsured contract, the Company has to reduce the present value of the contracts and record the impairment in the statement of income.

The impairment is recognized in the following cases only:

There is objective evidence resulting from an event that took place after the recording of the reinsurance assets confirming the Company's inability to recover all the amounts under the contracts terms.

The event has a reliably and clearly measurable effect on the amounts that the Company will recover from reinsurer.

#### **Pledged financial assets**

Represent those financial assets pledged to other parties with the existence of the right of use for the other party (sale, repledge). A periodic review is performed for those properties.

#### **Intangible assets**

Intangible assets acquired through business combinations are recorded at their fair value on that date. Other intangible assets are measured on initial recognition at cost.

Intangible assets with finite lives are amortized over the useful economic lives, while intangible assets with indefinite useful lives are assessed for impairment at each reporting date or when there is an indication that the intangible asset maybe impaired.

Internally generated intangible assets are not capitalized and are expensed in the interim statement of profit or loss.

Indications of impairment of intangible assets are reviewed for and their useful economic lives are reassessed at each reporting date. Adjustments are reflected in the current and subsequent periods.

#### **Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. When assets are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting from their disposal is included in the interim statement of profit or loss.

The initial cost of property and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to income in the period the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property and equipment.

Depreciation is computed on a straight-line basis at annual depreciation rates:

Buildings	2%
Programs and Furniture	20-30%
Vehicles	15-30%
Others	24%

The useful life and depreciation method are reviewed periodically to ensure that the method and period of deprecation are consistent with the expected pattern of economic benefits from items of property plant and equipment.

#### **Provisions**

Provisions are recognized when the Company has an obligation at the date of the condensed interim financial statements as a result of past events, and the cost to settle the obligation are both probable and measured reliably.

The amount recognized as a provision is the best estimate of the consideration required to settle the preset obligation at the financial statements date, taking into account the risks and uncertainties surrounding the obligation where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of these cash flows.

When it is expected to recover some or all amounts due from other parties, the due amount will be recognized within the assets if the value can be measured reliably.

#### **A. Technical Reserves**

Technical reserves are provided for in accordance to the Insurance Commission's instructions, as follows:

1. Unearned premiums reserve is measured for general insurance business based on remaining days of the insurance policy of expiration, considering a period of 365 days except marine and transport insurance which is calculated based on written premiums for existing policies at the date of the condensed interim financial statements in accordance with Laws, regulations and instructions issued pursuant there to.
2. Outstanding claims (Reported) provision is measured at the maximum value of the total expected loss for each claim separately.
3. Provision for the ultimate cost of claims incurred but not yet reported (IBNR) and unexpired risk is measured based on the estimates and the experience of the Company.
4. Provision for the unearned life insurance policies is measured and calculated based on the estimates and the experience of the company.
5. Actuarial reserves for life insurance premiums in accordance with laws regulations and Instructions.

#### **B. Receivables Impairment**

The receivables impairment is provided when there is objective evidence that the Company will not be able to collect all or part of the due amounts, and this allowance is calculated based on the difference between book value and recoverable amount. The allowance is measured after monitoring the receivables in details and all receivables aging one year and above is provided for provision.

#### **C. End of service indemnity reserve**

The end of service indemnity reserve for employees is calculated based on the Company's policy and in accordance with Jordanian labor law.

The paid amounts as end of service for resigned employees are debited to this account. The Company obligation for the end of service is recorded in the interim statement of profit or loss.

#### **Liability adequacy test**

At each statement of financial position date the Company assesses whether its recognized insurance liabilities are adequate using current estimates of future cash flows under its insurance contracts. If assessment shows that the carrying amount of its insurance liabilities (less related deferred policy acquisition costs) is inadequate in the light of estimated future cash flows, the deficiency is immediately recognized in the interim statement of profit or loss.

#### **Income Tax**

Income tax represents accrued and deferred income tax.

##### **A. Accrued Income Tax**

The accrued income tax expense is calculated based on taxable income. The taxable income differs from the actual income in the interim statement of profit or loss because the accounting income contains expenditures and revenues that are not tax deductible in the current year but in the preceding years or the accepted accumulated losses or any other not deductibles for tax purposes.

The taxes are calculated based on enacted tax rate which are stated by laws and regulation in the Hashemite Kingdom of Jordan.

##### **B. Deferred Tax**

Deferred taxes are taxes expected to be paid or recovered as a result of temporary differences between the time value of the assets or liabilities in the condensed interim financial statements and the value that is calculated on the basis of taxable profit.

Deferred tax is provided using the liability method on temporary differences at the liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to allow all or part of deferred tax asset to be utilized.

#### **Offsetting**

Financial assets and financial liabilities are offset and the net amount reported in the condensed interim financial statement when there is a legally enforceable right to offset the recognized amounts and the company intends to either settle them on a net basis, or to realize the asset and settle the liability simultaneously.

#### **Issuance or Purchase Insurance Company Shares**

Any costs arise from issuance or purchase the insurance company share is recorded in the retained earnings account (Net of tax effect), if the purchase / issuance not completed and related expenses are charged to the interim statement of profit or loss.

#### **Revenue Recognition**

##### **A. Insurance policies**

Insurance premiums are recorded as revenues (earned premiums) based on the accrual periods and policy covering period. Unearned premiums are recorded according to insurance policy periods at the date of condensed interim financial statements claims expenses are recognized in the interim statement of profit or loss based on the expected claim value to compensate other parties.

##### **B. Dividend and interest revenue**

The Dividends revenues are realized when the company has the right to receive the payment once declared by the general assembly of the company.

Interest revenues are recorded using the accrual basis based on the accrual periods, principle amount and interest rate.

##### **C. Lease revenue**

Lease revenue is recognized on a time proportion bases that reflects the effective yield on the lease agreement.

#### **Expenditures recognition**

All commissions and other costs related to the new insurance contracts or renewed are recorded in the interim statement of profit or loss during the period it occurred in and all other expenditures are recognized using the accrual basis.

**Insurance compensations**

Insurance compensations represent paid claims during the year and change in outstanding claims reserve.

Insurance compensations payments during the year even for the current or prior years. Outstanding claims represent the highest estimated amount to settle the claims resulting from events occurring before the date of condensed interim financial statements but not settled yet.

Outstanding claim reserve is recorded based on the best available information at the date of condensed interim financial statements and includes the IBNR.

**Recoverable scraped value**

Recoverable scraped value is considered when recording the outstanding claim amount.

**Administrative expenses**

Administrative expenses are distributed to each insurance division separately. Moreover, 80% of the non distributable general and administrative expenses are allocated to different insurance departments based on the ratio of written premiums of the department to total premiums.

**Employees' expenses**

The traceable employees' expenses are allocated directly to insurance departments, and 80% of un-allocated employees expenses are allocated based on earned premiums per department to total premiums.

**Insurance policy acquisition cost**

Acquisition costs represent the cost incurred by the Company for selling or underwriting or issuing new insurance contract, the acquisition cost is recorded in the interim statement of profit or loss.

**Foreign Currency**

Assets and liabilities denominated in foreign currencies are translated to Jordanian Dinar using the prevailing exchange rates at year end. Foreign currency transactions during the year are recorded using exchange rates that were in effect at the dates of the transactions. Foreign exchange gains or losses are reflected in the interim statement of profit or loss.

**3. Income Tax**

- The Company has settled its tax liabilities with the Income Tax Department up to the years ended 2015.
- The income tax returns for the years 2016 have been filed with the Income Tax Department but the Department has not reviewed the company's records till the date of this report.
- The income tax provision for the three months ended at 31 March 2017 was calculated in accordance with the Income Tax Law.
- In the opinion of company's management and its tax consultant, the income tax provision is calculated in accordance with the most recent enacted income tax law and it's adequate as at 31 March 2017.

**4. Lawsuits against the Company**

There are lawsuits filed against the Company amounting to JOD (1.6) million pertaining motor accidents for which a full reserve has been taken against in the outstanding claims reserve, and other lawsuits filed against the Company amounting to JOD (500) thousand.

In the opinion of the Company's management and its lawyer, no obligations shall arise that exceeds the allocated amounts within the net claims reserve.

**5. Contingent Liabilities**

The Company has a bank guarantees of JOD (65,108) as at 31 March 2017.